

SENATE BILL No. 285

DIGEST OF INTRODUCED BILL

Citations Affected: IC 2-3.5-5.

Synopsis: Legislative pensions. Establishes the state's annual contribution for a participant in the legislators' defined contribution plan as a percentage of the participant's salary. Requires the board of trustees of the public employees' retirement fund (PERF) to determine the percentage annually. Requires the budget agency to confirm the percentage determined by the PERF board. Requires that the percentage be determined using: (1) the state's employer contribution rate to fund the pension portion of the retirement benefit for state employees who are members of PERF; and (2) the rate at which the state makes contributions to annuity savings accounts on behalf of state employees who are members of PERF. Provides that the percentage may not exceed the state's total employer contribution rate for state employees who are members of PERF. Repeals a provision establishing the state's annual contribution for a participant in the legislators' defined contribution plan as 20% of the participant's annual salary.

Effective: July 1, 2007.

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January 16, 2007, read first time and referred to Committee on Rules and Legislative Procedure.

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Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

SENATE BILL No. 285

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 2-3.5-5-2 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) The defined
3 contribution fund consists of the following:

4 (1) Each participant's contributions to the fund.

5 (2) Contributions made to the fund on behalf of the participants
6 under:

7 (A) section 5 of this chapter (**before its repeal on July 1,**
8 **2007**); or

9 (B) **section 5.5 of this chapter.**

10 (3) Amounts transferred to the fund under subsections (b) and (c).

11 (4) All gifts, grants, devises, and bequests in money, property, or
12 other form made to the fund.

13 (5) All earnings on investments or on deposits of the funds.

14 (6) All contributions or payments to the fund made in a manner
15 provided by the general assembly.

16 (b) On any July 1 following the date a participant begins
17 participation in the defined contribution fund, if the participant has

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been before that date a member of PERF, any amount in the PERF annuity savings account credited to the participant may at the participant's irrevocable option be transferred one (1) time to the defined contribution fund for the benefit of the participant. At no other time, if the participant continues or begins to participate in PERF, may such a transfer be made.

(c) On any July 1 following the date a participant begins participation in the defined contribution fund, if the participant has been before that date a member of TRF, the amount in the TRF annuity savings account credited to the participant may at the participant's irrevocable election be transferred one (1) time to the defined contribution fund for the benefit of the participant. At no other time, if the participant continues or begins to participate in TRF, may the transfer be made.

(d) Each participant shall be credited individually with:

- (1) the participant's contributions to the fund under section 4 of this chapter, which shall be credited to the participant's account;
- (2) the contributions made to the fund on behalf of the participant under:

(A) section 5 of this chapter (**before its repeal on July 1, 2007**); or

(B) **section 5.5 of this chapter**;

which shall be credited to the participant's account;

- (3) the amount transferred to the fund under subsections (b) and (c), which shall be credited to the participant's account; and

- (4) the net earnings on the participant's accounts, determined under section 3 of this chapter.

SECTION 2. IC 2-3.5-5-5.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 5.5. (a) This section applies to contributions to the defined contribution fund made by the state after June 30, 2007.**

(b) As used in this section, "salary" means the total of the following amounts paid to a participant by the state for performing legislative services in the year in which the amounts are paid, determined without regard to any salary reduction agreement established under Section 125 or Section 457 of the Internal Revenue Code:

- (1) Salary.
- (2) Business per diem allowance.
- (3) Allowances paid to officers of the house of representatives and the senate.
- (4) Expense reimbursements.

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(5) Allowances paid in lieu of the submission of claims for reimbursement.

(c) The state shall make a contribution to the defined contribution fund on behalf of each participant on June 30 of each year. The amount of the contribution is determined by multiplying the participant's salary for that year by a percentage determined for that year by the PERF board under subsection (d).

(d) The PERF board shall use the following rates in determining the percentage described in subsection (c):

(1) The rate of the state's normal contribution for its employees to PERF, as determined under IC 5-10.2-2-11.

(2) The rate at which the state makes contributions to annuity savings accounts on behalf of state employees who are members of PERF, as specified in IC 5-10.2-3-2 and IC 5-10.3-7-9.

(e) The budget agency shall confirm the percentage determined by the PERF board. The percentage confirmed by the budget agency may not exceed the total contribution rate paid that year by the state to PERF for state employees.

SECTION 3. IC 2-3.5-5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) For purposes of this chapter, there is appropriated for each biennium the following sums of money:

(1) From the state general fund, the amount required to equal the contributions specified in:

(A) section 5 of this chapter (before its repeal on July 1, 2007; or

(B) section 5.5 of this chapter.

(2) From the state general fund, the amount required for administration of this chapter.

(b) The biennial appropriation provided in this section shall be credited to the defined contribution fund annually in the month of July of each year of the biennium, based on the amounts specified in subsection (a).

SECTION 4. IC 2-3.5-5-5 IS REPEALED [EFFECTIVE JULY 1, 2007].

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